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# CAPABILITIES, CULTURE AND SOCIAL STRUCTURE

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## **Abstract**

Sen's capability approach has a culturally specific side, with capabilities influenced by social structures and institutions. Although Sen acknowledges this, he expresses his theory in individualistic terms and makes little allowance for culture or social structure. The present paper draws from recent social theory to discuss how the capability approach could be developed to give an explicit treatment of cultural and structural matters. Capabilities depend not only on entitlements but on institutional roles and personal relations: these can be represented openly if capabilities are disaggregated into individual, social and structural capacities. The three layers interact, and a full analysis of capabilities should consider them all. A stratified method implies that raising entitlements will not on its own be enough to enhance capabilities and that cultural and structural changes will be needed.

**Keywords:** capability approach, culture, social structure, human agency, social policy

## INTRODUCTION

The capability approach, formulated by Amartya Sen, aims to improve upon utility maximisation as a basis for assessing welfare. In place of the stress on psychic pleasure, Sen focuses on activities and participation in society ('functionings') and the potential to undertake such activities ('capabilities'). These new dimensions of welfare assessment offer a rich framework for discussing poverty relief, economic development and social policy. Capabilities have received much attention in the last twenty years or so, and the significance of Sen's work has been widely appreciated.

Despite the extensive discussion, it has proved difficult to write down a precise list of capabilities and make the capability approach operational. Many capabilities are culturally specific: unlike the culture-free world of neoclassical economics, Sen's method invokes activities undertaken at a given time within a given society. The researcher must decide whether to consider a detailed set of capabilities tailored to a particular case or a more diffuse set with broader relevance. Capabilities also involve preference formation, since they depend on how society shapes tastes, knowledge and values. Orthodox economics assumes fixed preferences and dismisses preference formation as a non-economic subject, but the capability approach cannot safely ignore it.

Further difficulties arise from the connection between capabilities and social structure. People's activities turn on their place within the social structure (the roles they play) as well as on their abilities and endowments. A full account of behaviour must recognise both human agency and social structure, along with the bonds between them. Social theorists know this well, as do heterodox economists, but economic orthodoxy remains wedded to individual utility functions that summarise all human activities. With capabilities inseparable from social structure, the capability approach cannot rely on individualism and has to address the agency-structure question.

Sen is aware of the cultural and social aspects of capabilities, alluding to them in his writings, but his work was inspired by liberal political philosophy rather than social or cultural theory. He takes an interest in how social circumstances affect the individual, but his starting point is at the individual level. The capabilities literature refers only briefly to

social structure and has an individualistic hue that belies the radical implications of capabilities. The present paper highlights the links between capabilities, culture and social structure by drawing from recent social theory. It argues that a comprehensive treatment of capabilities should go beyond the individual level to examine the social and structural conditions permitting people to act and participate in society.

## **THE CAPABILITY APPROACH**

In orthodox welfare economics (termed 'welfarism' by Sen), social welfare is a function of individual utilities and nothing else; all social outcomes can be gauged by their consequences for utilities alone. The case for welfarism revolves around the liberal desire to respect people's preferences, desist from paternalistic judgements and prevent authoritarianism. But welfarism yields an abstract, mechanical method whose black-box instrumentalism sees welfare merely as an output produced from inputs of utility. A remedy is to introduce other dimensions in which to evaluate welfare, and Sen's preferred dimensions are capabilities.

The capability approach has two key characteristics. First, in place of utility it emphasises activities and the freedom to choose a lifestyle (Sen, 1982). What often motivates concerns about welfare is that some people are arbitrarily excluded from social activities and denied participation in society. The crux is not happiness, pleasure or utility, but ordinary day-to-day life. Ethically, this shifts us away from utilitarianism towards a practical ethics founded on social activities. Sen sets up two extra dimensions of welfare analysis: 'functionings' are the activities upon which welfare assessments are based, and 'capabilities' are the functionings that a person has the potential to undertake. Because people will not do everything they are capable of doing, their functionings will be a subset of their capabilities. Policy makers should, in this view, aim to enhance capabilities; higher utilities might also ensue but no longer constitute a policy goal.

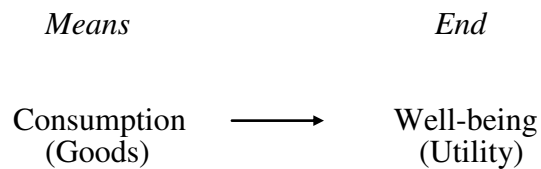
The second key characteristic is that capabilities, rather than functionings, lie at the heart of welfare assessment (Sen, 1985, 1993). Everyone should ideally have the capability to do things and participate in society, whether or not they choose to exercise

their capability. This gives people the final say in deciding which capabilities they realise: the welfare analyst does not impose an approved regime of functionings. The liberalism meshes with the notion of positive liberty or freedom, whereby policy makers intervene to help people make their own choices and control their own destinies (Hobson, 1909; Berlin, 1969). The capability approach, like welfarism, honours individual choices and seeks to avoid authoritarian outcomes. Critics have suggested that its main contribution resides in functionings, not capabilities, and that the liberalism underlying capabilities is a distinct and perhaps secondary matter (Cohen, 1993). Welfare assessment based on functionings would then be the general case, with the capability approach as a specialised, liberal variant.

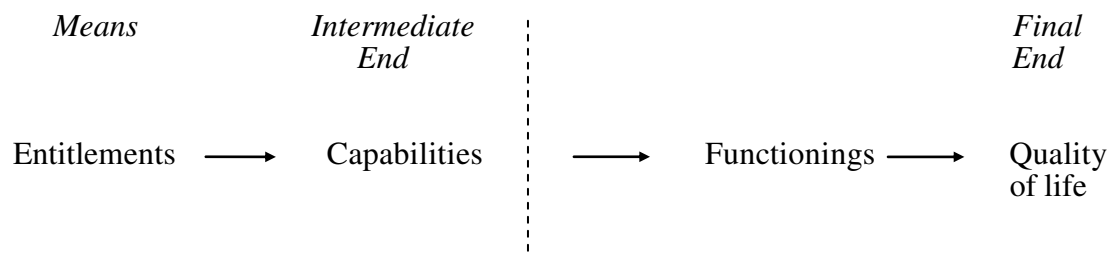
Functionings and capabilities challenge the supremacy of utility and add a further two dimensions to economic theorising. A single link between goods and utility expands into a series of links, as Figure 1 shows. Welfarism adopts a simple instrumental model where the end is utility and the means of attaining the end is the consumption of goods. Nothing stands between material consumption and psychic utility or welfare. In the capability approach, by contrast, capabilities and functionings enter as intermediate stages. The means of producing welfare are entitlements to material consumption and other resources. Entitlements generate capabilities, which are both a policy end and the means of enlarging individual choice and participation in society. From their menu of capabilities, people select functionings that yield personal well-being and meet any external objectives. The final end is improved quality of life, including well-being and other relevant goals. Welfare policies operate only to the left of the vertical line in Figure 1, and beyond that point people make their own choices. Attention no longer dwells on the final end of quality of life but on the intermediate end of enhanced capabilities. This paints a more vivid picture of welfare, centred on social activities and participation, and preserves individual autonomy.

Figure 1: Welfarism and the capability approach

Welfarism:



Capability approach:



The capability approach is consequentialist, as it judges social states by their consequences for capabilities. Unlike welfarism, it need not judge all consequences on a single scale and tolerates pluralism in the components of welfare (Qizilbash, 2002). Policy-makers could try to combine capabilities into a single yardstick, but this is optional and may not be wise; instead they could set targets across several capabilities. Consequentialism has the possible flaw of theorising in linear, cause-and-effect terms: entitlements lead to capabilities, which lead to functionings, which lead to improved

quality of life. In practice the various links among entitlements, capabilities and functionings are complex and tangled (Gasper, 2002). Figure 1 may be too neat to express the full causality behind capabilities and functionings.

Capability arguments usually omit the structural setting for human behaviour, an oversight that could be a serious weakness. The general model begins with individual entitlements which, though institutional in origin, are portrayed as separate, given entities disembedded from institutions and social relations (Gasper, 1993; Oughton and Wheelock, 2003). Capabilities and functionings are portrayed similarly. Sen has mostly preferred a broad, abstract concept of capability defined as overall life chances rather than specific skills and abilities. His definition points towards the social and structural influences on capability, and he admits the significance of social factors (Sen, 2000). The social context of capabilities has been latent in Sen's work but marginal and undertheorised; a broader outlook would embrace social structure and its interdependence with human agency.

Sen's modelling of the individual retains a flavour of neoclassical economics. Individuals choose their functionings from a set of capabilities, in the same way that a neoclassical consumer chooses a consumption bundle from a budget set. As a critic of self-interested utility maximisation, Sen would not be expected to endorse a rational-choice approach to the selection of capabilities (Sen, 1977). He leaves open the nature of the decision, so that his framework is supple enough to be compatible with heterodox economics (Walsh, 1995, 2000; Pressman and Summerfield, 2000). People may not be thinking instrumentally about their functionings and could be exercising capabilities through habits, routines or social norms - there is room for a non-neoclassical account of human behaviour, but Sen stops short of providing one and his position relative to heterodox economics has been a topic of debate (Benicourt, 2002, 2004; Robeyns, 2002). A full-blooded heterodox theory of capabilities would recognise both habitual behaviour and conscious, goal-directed decision making. Some capabilities could then be exercised habitually, without a conscious choice, while others might be consciously selected. The capability approach is independent of rational-choice assumptions and can be combined with the richer portrayals of behaviour found in heterodox economics.

One might query whether higher capabilities and quality of life are adequate policy goals. The micro perspective of capabilities could be augmented with macro perspectives appealing, say, to the value of social relationships or to collective goals set by the government or other authorities. Welfare might be defined not solely by individual capabilities but by smooth and harmonious functioning of the whole society, which would depend on social relations as well as capabilities. Welfare assessments would need to use information other than capabilities, in the same way that Sen argues for using information other than utilities. Capabilities may underestimate the natural and material consequences of human activities, such as environmental costs affecting current and future generations (Dower, 2000). Macro welfare issues would evoke a greater degree of top-down, paternalistic assessment; capabilities would still be relevant but only as components of a larger scheme. This falls outside the scope of the present paper, and the following discussion stays within Sen's framework to consider the cultural and social aspects of capabilities and how the capability approach might be modified to accommodate them.

## **CAPABILITIES AND SOCIAL STRUCTURE**

Recent social theory has depicted human agency and social structure as entwined and interdependent. In the past, sociologists sometimes drifted to the opposite pole from economists and gave precedence to structure over agency as a determinant of human behaviour - the classic example was the structural-functionalist sociology of Talcott Parsons. Within the last few decades, social theorists have become wary of structural reductionism and paid heed to how structure and agency are connected (see, for example, Bourdieu, 1977; Bhaskar, 1979; Giddens, 1984; Alexander, 1985; Mouzelis, 1995). The various theories are far from uniform and use different conceptual language, but they agree that reductionism is undesirable and wish to escape an oversocialised account of human behaviour.

A way to do this is to play down the customary agency-structure dualism, which hints at conflict between agency and structure that could culminate in the dominance of structure over agency, or vice versa. Dualism can be replaced or supplemented with



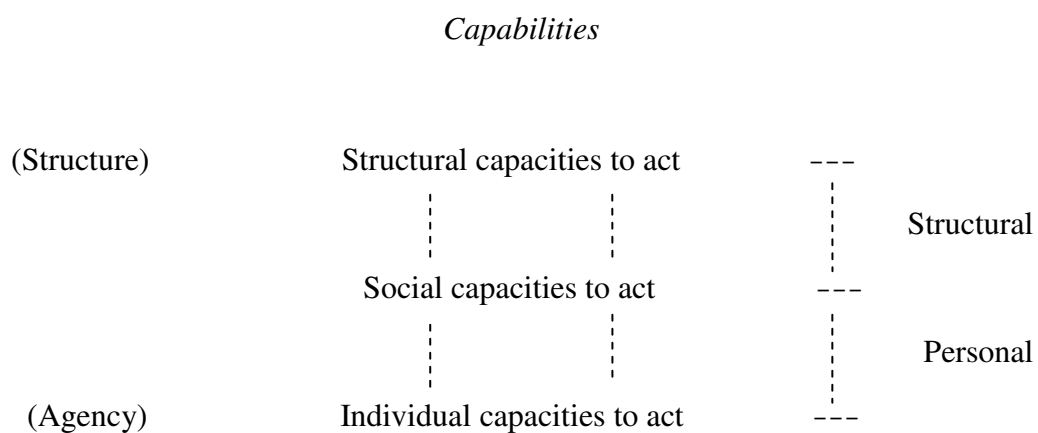
agency-structure duality, whereby agency and structure are mutually reinforcing (Giddens, 1984; Jackson, 1999). Duality upholds the distinction between agency and structure and never merges them, but accepts that structure moulds agency while agency reproduces structure. Social structures no longer have to impede human action and may sustain the ability to act and participate in society. Agency-structure duality calls forth a subtler view of human action that draws agency and structure together and gives neither of them precedence.

Social theorists have also identified different types of social structure, not just a single type contrasted starkly with human agency. Social structure, traditionally defined, comprises impersonal roles distinct from the people who occupy them: economic examples are buyer and seller, employer and employee, and creditor and debtor. Roles have a structural relationship because they cannot exist alone - one cannot have a buyer without a seller, an employer without employees or a creditor without a debtor. People interact when they fulfil roles, but the structural link is between roles not people. Role playing makes up only part of human behaviour, and much social interaction strays outside predetermined roles. Employment relations provide an example: since employment contracts are incomplete, work practices depend on personal interactions among workers and managers as well as on formal work roles. The gaps left by impersonal roles are filled by personal relations which are structural in so far that they are constituted by pairings of particular individuals. Social theorists have represented this through personal social structures, termed the 'interaction order', 'figurations' or 'figurational structures' (Goffman, 1983; Elias, 1978; Layder, 1994, Chapter 7; Mouzelis, 1995). If structures based on personal relations (figurational structures) coexist with structures based on roles (institutional structures), then the outcome is a stratified view of social structure in which both types of structure relate closely with human agency and enable as well as constrain individual agents.

The capability approach defines capabilities as an individual property and in this respect resembles individualistic portrayals of human agency. It concedes that capabilities are culturally specific, but makes little effort to discuss how social structures influence them. Yet the ability to do things stems partly from a person's place within social structures: roles and positions enable the role occupants to act and may hinder the actions of others; personal relations and networks magnify the powers of network members and diminish those of non-members. Allowing for the social context of

capabilities requires explicit recognition of social structures, both personal and impersonal, as some capabilities may be due to employment or other roles and membership of social networks. It is therefore useful to see capabilities as a blend of structural, social and individual capacities to act (see Figure 2).

Figure 2: Capacities to act



Individual capacities to act are intrinsic to people regardless of their social surroundings and, though important, do not span the full extent of capabilities. To show structural influences openly, one must set social structures alongside human agency and define structural parallels to individual capacities. Figure 2 has two structural layers, based on impersonal and personal social structures. Structural capacities to act refer to those abilities and powers attached to impersonal roles - a senior management role, for example, enables a person to act and make things happen. Social capacities to act refer to those abilities and powers derived from personal relations and networks - personal contacts heighten the ability to act, perhaps at the expense of people without such contacts. Structural capacities rest upon impersonal social structures (the institutional

order), whereas social capacities rest upon personal ones (the interaction order). All three layers of Figure 2 are interdependent and social capacities come between the other two, for they have both a structural and a personal quality. Interpreting capabilities as individual capacities will neglect the structural features of human behaviour, and a full discussion of capabilities should examine structural and social capacities too.

## **STRUCTURAL CAPACITIES TO ACT**

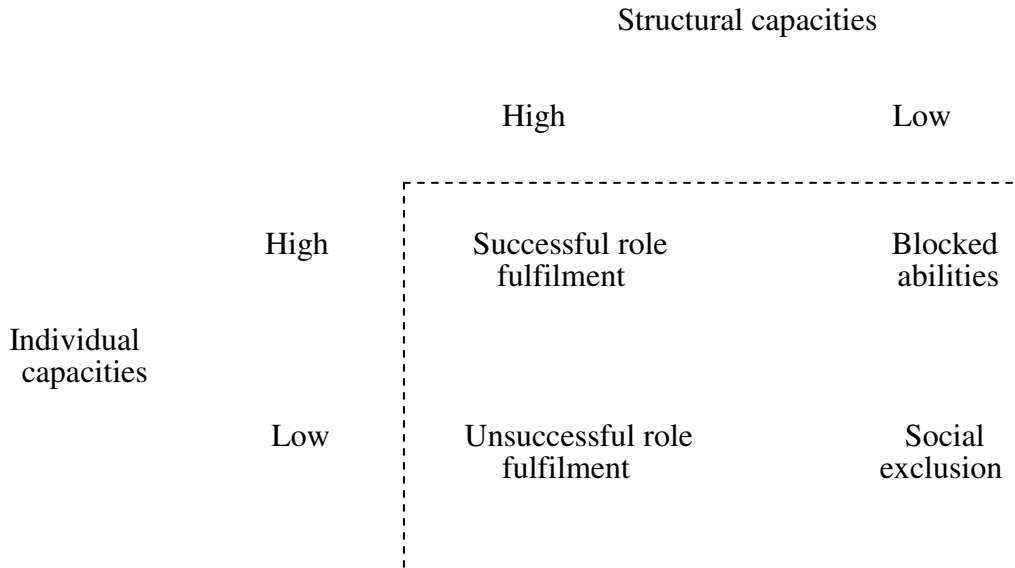
When social structures consist of roles and positions - the classic definition - they may appear to deter spontaneous action and tie people to fixed routines. In some cases this may be true, but it gives a false impression of how structure bears upon agency. For roles to persist over long periods, most people must be acclimatised to them and willing to enact the prescribed routines and duties. Conflicts between agency and structure will affect certain individuals and groups but will not be spread through the whole population. Many roles, especially senior ones, will offer unique opportunities; far from restraining agency, roles may encourage and reinforce it. Impersonal, role-based structures are not just constraints or rigidities and may create structural capacities to act (Callinicos, 1987, Chapter 2). Whatever a person's talents and abilities, the scope for action hinges on social context and role playing.

Structural capacities to act are most obvious when a role confers on its occupant the power to make decisions and steer activities. In hierarchical organisations those at the top choose a course of action on behalf of those below. Managers set objectives and give orders to subordinates who perform the tasks decided upon. Agency is then delegated to others, but the ultimate capacity to act lies with the decision makers. A person's rank in a hierarchy becomes critical - the higher the rank, the greater the structural capacity to act. Workers at the bottom of a hierarchy obey their superiors and are more likely to feel constrained than enabled, although most employment roles provide chances to influence events, together with duties and responsibilities. Within a single job there may be a complex mixture of constraint and enabling, and hence an intricate relationship between structure and agency. Formal roles may at times be a burden for the role occupant but they are the structural basis for agency and self-realisation.

A structural capacity to act can exist when there is no formal role or position. Some social structures with no official status as institutions shape human agency through informal roles within the family or workplace: examples are the roles and expectations attached to class, gender, age, ethnic background and religion. Social divisions may be entrenched in the culture and produce stereotypes; to belong to a certain group is to play an informal role (whether or not one wishes to) and experience its advantages and drawbacks. Dominant groups benefit from enabling myths that justify their privileges and diminish the life chances of subordinate groups (Dugger and Sherman, 2000, Chapter 4). Such inequality persists even when a society is nominally liberal and bans discrimination in employment and other formal activities. Structural capacities should be understood to include informal roles and stereotypes alongside formal positions.

How do structural capacities to act relate to individual capacities? A person in a senior role would normally have much ability and skill, but this should not be taken for granted: structural and individual capacities are distinct and vary independently. If each can take high or low values, then there are four combinations, as in Figure 3.

Figure 3: Individual and structural capacities



Where people with high individual capacities occupy roles with high structural capacities, the roles will be fulfilled successfully and the people will realise their potential. For everyone to experience this would be desirable, but reality falls short of such an ideal. The opposite case is for people with low individual capacities to occupy roles with low structural capacities. Neoclassical theory might defend the low-low combination as an optimal match between skills and activities, yet the social consequences are unattractive. These people are liable to be working in menial, low-paid jobs that deny them full participation in society; discriminatory practices may stifle their chances of acquiring skills and being appointed to senior posts. Wherever low individual and structural capacities are combined, the upshot will be passive, underprivileged classes who have low incomes and little control over their destinies.

If individual capacities are high but structural capacities low, then roles prevent people from undertaking activities of which they are capable: social structures thwart abilities and talents. This happens, for example, when some individuals get a solid education and develop their abilities but, on attempting to enter appropriate positions, find themselves blocked by enabling myths and other discrimination. Institutional barriers to career success reduce choice over activities and limit functionings to a smaller subset of capabilities. Failure to obtain jobs denies people work experience (plus job-specific individual capacities) and harms later employment prospects. Setbacks early in one's career will have a long-term effect throughout one's lifetime.

The final possibility in Figure 3 is for individual capacities to be low while structural capacities are high. This comes about if some people's privileged background gives them access to senior roles when their abilities are unsuitable. The consequences are unsuccessful role fulfilment that may create problems both for the role occupants and for others affected by their decisions. In political or business dynasties, for example, inheritance governs the choice of leader regardless of personal qualities. Such hereditary arrangements are now rare, but even in democratic systems there is leeway for roles to be misallocated - social and political pressures may result in the wrong people securing advancement. Any social system with hierarchical features will produce elite groups who have easy entry into senior roles.

For the top-left and bottom-right cases in Figure 3, the matching of individual and structural capacities should minimise friction between them. People with high individual capacities fully realised in a suitable occupation should be able to function smoothly in society. People with low individual capacities and low-status occupations could be victims of inequity and discrimination, but they are normally passive and well adjusted to their lowly status; they may have plenty to complain about but seldom do much complaining. The harmony between individual and structural capacities resembles an agency-structure duality in which agency and structure are well matched and mutually reinforcing. For the asymmetrical cases - top-right and bottom-left of Figure 3 - individual and structural capacities are poorly matched and tensions will arise. There will be calls to remove barriers to the advancement of high ability individuals and stop the appointment of low ability individuals to senior posts. The tensions resemble an agency-structure dualism in which agency and structure are contrasted and opposed to each other. All the cases in Figure 3 may be found within the same society, so that duality may coexist with dualism.

Societies differ in the number and proportion of people who belong to the four cases. No actual society will ever settle into a perfect steady state with everyone belonging permanently to the top-left case - economic and social development will stir up social tensions and frustrate the capabilities of some individuals or groups. A progressive society should nevertheless recognise that the other three cases are unwelcome and aim to minimise the number of people falling within them. The top-right and bottom-left cases pose problems of horizontal equity where some people are denied suitable roles on grounds unconnected with their individual capacities. As well as wasting talent and misallocating resources, this infringes egalitarian social justice and disturbs social solidarity. The bottom-right case poses problems of vertical equity where some people are reduced to chronic poverty and unemployment. Although such people may have a stable social position, they are secure only in the knowledge of continuous income insecurity. Stability of this kind has little value, and the lowest income groups would benefit from measures to upgrade their individual capacities and remove structural obstacles to their career advancement. The four cases of Figure 3 will, at the societal level, produce divisions and inequalities between various groups and classes.

## **SOCIAL CAPACITIES TO ACT**

A social structure made up of roles and positions cannot encompass the social dimensions of human behaviour. Much behaviour has a personal, informal character unique to the people concerned. Employment and other roles are incomplete, and role occupants respond by forging their own ways of working. A comprehensive picture of social behaviour should include both role-based structures and personal relations among role occupants. Personal social structures - also termed figurations or figural structures - give rise to social capacities to act, distinct from individual and structural capacities and based on a person's place within social networks. To neglect this level of analysis, as economic theories commonly do, would be to overlook key determinants of human behaviour.

Social capacities have an apparent kinship with the notion of social capital, which is often assumed to entail close personal relations that would support a high social capacity to act (Coleman, 1988; Dasgupta and Stiglitz, 1999; Killian and Wallis, 2002; Carroll and Stanfield, 2003). The term 'social capital' has been defined quite loosely, however, and roams beyond personal relations: it may include formal or informal roles in organisations, or membership of categories such as the 'poor' or 'disabled'. Social capital, because it blurs the boundary between personal and impersonal relations, does not correspond exactly to either social or structural capacities. A capital metaphor may in any case bring unhelpful overtones and be ill-suited for portraying social relations (Robison, Schmid and Siles, 2002). The purpose of distinguishing social, structural and individual capacities is to have a stratified account of capabilities that gives due credit to all three layers. If the layers are not properly distinguished, then economic analysis will be prone to overemphasising some at the expense of others.

Structural and social capacities should on the whole be positively correlated, but this is not inevitable and they may diverge. A high office or other position, which confers authority for action, could be offset by social and personal factors. People occupying roles atop a hierarchy may have ample skills but still find it hard to act successfully if they have bad working relationships and are alienated from their colleagues. Low social capacities to act would detract from high structural capacities. One can imagine a society where everybody has strong individual capacities and a stable employment role but only

narrow and fragile social relations: economic development could have eroded family ties and generated a population who interact chiefly through formal employment. Under these circumstances many activities would no longer be available and social capacities would have dwindled. When social relations have broken down, people's ability to participate in society will suffer, even if they have senior roles and valuable skills. Conversely, people could have junior roles and modest skills but benefit from close family and other relationships. Informal social networks may assist people to cope with poverty and hardship - high social capacities to act may compensate for low individual and structural capacities. In principle either high or low social capacities could accompany any of the cases in Figure 3. Social relations and institutional roles may drift apart and the distinction between structural and social capacities needs to be made.

Normally, structural and social capacities mirror each other and brook no ambiguity about a person's high or low status. The occupant of a senior employment role will, as a rule, have good relationships with colleagues and a supportive family background. Informal arrangements within the family have always been vital to sustaining the labour force and enabling workers to perform their roles; generally speaking, the more senior the role, the greater the support from social relations and networks. The wealthiest, most successful people have family backing and extensive social networks and contacts, in addition to dominant institutional positions and high individual capacities. The poorest, by contrast, lack all these advantages and struggle to survive as homeless individuals isolated from their families and other relationships. Empirical evidence suggests that as personal incomes fall, so does social participation and the security and support provided by families (Vail, Wheelock and Hill, 1999; Rahman, Palmer and Kenway, 2001; Burchardt, Le Grand and Piachaud, 2002; Gallie and Paugam, 2003). Links between structural and social capacities confirm and perpetuate social divisions, establishing a formal hierarchy. The inequalities should not be viewed as monolithic or unidimensional, however, as they derive from the interdependent but distinct contributions of impersonal roles and personal relationships.

Personal social structures are significant for economic activity, especially when employment roles or other formal arrangements are absent. Inside the family, parents carry out their roles informally and unpaid, with no codified or contractual basis. Much will depend on the quality of personal relations among family members. If relations are mutually supportive, as should be true in most cases, the family will be a source of social



capacities to act and participate in society. If, on the other hand, relations are weak or strained, the family could damage social capacities and restrict life chances. Children and dependent elderly people, who have limited individual capacities, rely heavily on family relationships for their functionings and well-being. The domestic sector of the economy complements the formal sector, stabilises the economic system and contributes substantially to total economic activity, in spite of being omitted from the national accounts (Wheelock, 1992; Wheelock and Oughton, 1996; Elson, 1998; O'Hara, 2000, Chapter 11). Economic discourse, preoccupied with the formal economy, has undervalued the domestic and other informal sectors.

Social capacities may have a special importance in times of economic change. New ways of working tend to appear first as personal relations before they become formalised as institutions and economic roles. Where institutions are missing or in decline, informal personal arrangements fill the gaps until larger structural changes take place. Mismatches between structural and social relations should create pressures for institutional reform and an eventual rematch leading to new structural capacities. Cyclical mismatches and rematches between institutions and working practices have underpinned recent theories of long waves and structural change (Perez, 1983; Tylecote, 1991; Freeman and Louca, 2001). Long waves or Kondratieff cycles remain speculative and controversial, but any such cyclical pattern would cause shifts in the prominence of social capacities to act: they would expand during economic transformations but contract during periods of institutional stability. Current post-Fordist developments have stressed the personal side of economic relations over the structural and hierarchical through informal economic arrangements, networking and relational contracting (Castells and Portes, 1989; Nielsen, 1994). Often construed as fostering flexibility and economic growth, these fluid arrangements may foster inequality and insecurity. Recent cutbacks in welfare have forced the poor to switch to alternative, informal sources of support which seldom compensate them fully. The new informality and flexibility is apt to reward the rich, who can exploit deregulated working relationships, and penalise the poor, who are outside key social networks and stand to lose from the withering of welfare measures. A formal role as a welfare recipient, undignified and stigmatising as it may be, could be better than the informal and flexible alternatives.

It is tempting to put a positive gloss on social capacities to act and regard them as bolstering social relationships, closing loopholes in institutions and fuelling economic

flexibility and structural change. Less positively, they come to the fore when legal roles are unavailable. Informal economic activity includes personalised, irregular trading that evades the formal accounting framework. Where corruption prevails and formal rules are being flouted, private arrangements outstretch legal structural capacities. Illicit social capacities, manifested in tax fraud, favouritism, biased trade agreements and so forth, will hurt the average person's interests: social capacities for some will bring incapacities for others. In these cases impersonal, rule-bound relations would be more even-handed and less susceptible to private manipulation. Personal relations are not always a good thing, and impersonal rules are essential to curb the excesses of private and personal behaviour.

### **INDIVIDUAL CAPACITIES TO ACT**

Further to structural and social capacities, a third layer of individual capacities remains. This now has a more specific meaning than capabilities and denotes capacities that do not depend on roles or social relations. Individual capacities to act differ from structural and social capacities in being defined without reference to social structures. They may have been nurtured in society but they inhere in the individual and exist independently of social context; a person kept apart from society would hold on to individual capacities but lose structural and social ones. People without senior positions and with small social networks will still have capacities for many work and other activities, thanks to their physical strength, knowledge and skills.

Some physical and mental traits with genetic origins stay fixed over a lifetime and elude policy manipulation (unless one is willing to contemplate genetic engineering or eugenics). They are nonetheless significant for the capability approach, as is clear from the severe constraints they impose on people with major physical disabilities. Inherited physical and mental qualities have their own effects on capabilities, beside the effects of culture, social structure and resource endowments, and any approach neglecting them would be blinkered and incomplete. The overall position is complex, and the contributions of genetics and environment will be interwoven. Natural talents have a good chance of being perceived and cultivated among the wealthier social classes, whereas those born into poverty may have similar talents lying hidden and unfulfilled.

Genetic and environmental factors operate simultaneously, and inherited abilities come to light only when social circumstances allow.

Given that knowledge of genetics has advanced rapidly in recent years, it should become easier to delineate inherited characteristics. If a person's genetic blueprint could be mapped out and related to physical and mental attributes, then it would be possible to specify hereditary abilities or disabilities. Such information raises awkward ethical issues concerning, for example, whether people should be told about genetically based degenerative illnesses and how we should react to a natural hierarchy of abilities and capacities. Fixity of genetic endowments does not mean that individual capacities are fixed, and much can be done to enhance capabilities and overcome inherited disadvantages. Whatever the improvements in genetic knowledge, a clear-cut division between inherited and acquired capacities is unlikely ever to appear. Few individual capacities depend on heredity alone and almost all are cultivated and developed within society.

Many skills and abilities crucial for individual capacities are acquired from education, training, learning-by-doing and general life experiences. Neoclassical economics models this as the accumulation of human capital, such that individuals with stable intertemporal preferences make investment choices over their life cycle. The acquired skills yield quantitative returns measurable on a single scale and subject to optimising decisions. Human capital models represent knowledge by a capital metaphor, as if it were units of a physical substance accumulating over time (Dolfsma, 2001). Knowledge is more than a list of facts, however, and cannot be purchased, stored and exploited in the manner of material capital goods: it may shape a person's beliefs, values and choices, ruling out fixed preferences on which to base lifetime investment decisions; it may also be tacit and unquantifiable, ruling out measurement and optimisation (Polanyi, 1967). People cannot act as consumers treating knowledge as a good like any other and deciding how many units of it to buy. On the contrary, individual abilities emerge from culture, which moulds and transforms a person's character.

Culture stands at the core of the capability approach in two main senses. First, the enhancement of capabilities requires the cultivation of the individual within society and corresponds to the idea of culture as process, the original meaning of the term 'culture' (Williams, 1976; Jackson, 1993). Defined in this way, culture is the bond between the

individual and society. An individual relies on society for knowledge, values and abilities essential to self-development, and society relies on the collective activities of individuals for its existence. Social influences on capabilities are exerted not only through structural and social capacities but through the formation of individual capacities. Once formed, these can exist independently of social context, but they could never have been acquired outside a social environment. To improve capabilities will demand social and cultural changes as well as economic growth and redistributive measures.

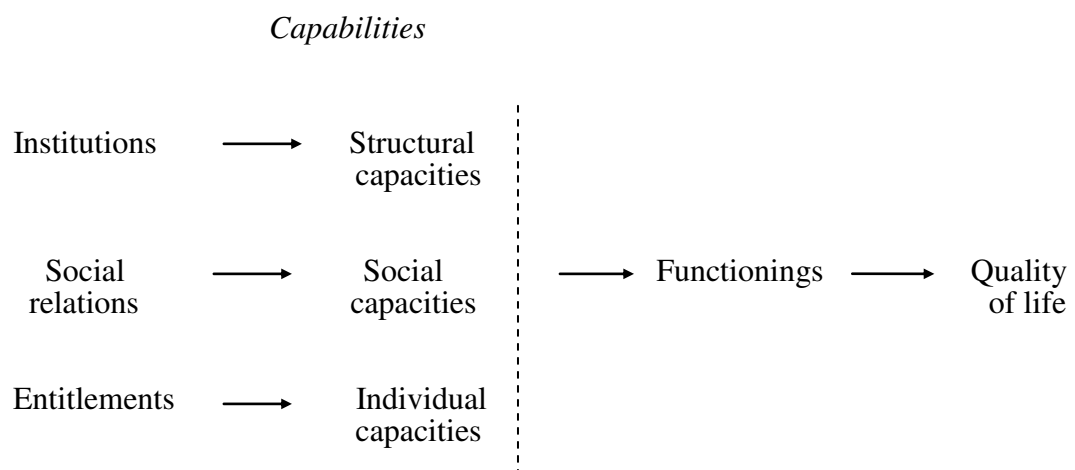
Second, culture impinges on the realisation of capabilities as functionings. If people select functionings from their set of capabilities, then observed activities could be ascribed to rational individual choice, as neoclassical theory would contend. Since tastes, beliefs and preferences emerge and develop by the process of culture, this leaves culture as a prime influence on functionings. Alternatively, people could be following habits and norms in their functionings, without making conscious choices. Habitual behaviour, which has always been central to heterodox economics (especially institutionalism), would give standardised functionings followed by most people at most times. Taken together, these functionings would express the national culture (defined as a state rather than a process), and the influence of culture is again critical. Both capabilities and functionings are to a large extent culturally determined.

The importance of culture has been most widely appreciated in the debates about defining core capabilities. A basic, general list of capabilities could have global relevance and permit comparisons among all times and places - literacy, numeracy and good health come under this heading. In the attempt to make the capability approach operational, some authors have specified measurable and universal capabilities (Nussbaum, 1992, 1993). Perhaps inevitably, the claims to universality provoke disagreements over the capabilities chosen, together with disquiet about the paternalism in endorsing capabilities (Alkire, 2002, Chapter 2; Deneulin, 2002). Sen himself has been unwilling to recommend a list of capabilities, lest it would undermine the liberalism of the capability approach and sanction a prescriptive, authoritarian outlook. Avoiding universal capabilities pushes him towards cultural specificity which grants each country, region or social group its own unique capability set. This seems to be his preferred option, and so culture becomes pivotal to the capability approach.

## POLICY IMPLICATIONS

A stratified method means that policy analysis cannot reliably be conducted in individual terms. Structural and social capacities to act, added to individual ones, give three layers of analysis instead of just capabilities: the three-tier pattern of Figure 4 supersedes the flat, linear pattern of Figure 1. The right half of Figure 4 is unchanged from Figure 1, but the left half now takes in structural, social and individual capacities. To explain functionings one should consider all three layers and how they interact, otherwise one might ignore structural and social influences or, at best, treat them obliquely. The standard capability approach appeals mainly to the bottom layer of individual capacities and touches only incidentally on the other two; including them openly draws attention to institutions and social relations as determinants of structural and social capacities. The three layers are interrelated. If culture and structure are seen as processes, then culture will act downwards in Figure 4 (formation/reproduction of human agents within society) and structure will act upwards (formation/reproduction of social structures through human agency) (Jackson, 2003). In a slowly evolving society the layers should be replicated over time, but they are not in perfect harmony and there may be frictions and mismatches between them.

*Figure 4: A stratified version of the capability approach*



Any of the three layers in Figure 4 could block functionings. Institutions block functionings when people are allocated inadequate or conflicting roles or denied roles altogether. In a true agency-structure dualism, structures oppose agency and prevent people from acting as they would wish. Examples are the multiple and conflicting gender roles that have held back the social advancement of women - the presence of too many institutions has burdened the individual agent and produced 'structures of constraint' (Folbre, 1994). To change things, the structural incapacities would have to be weakened and agency aligned more closely with structure. The ending of oversocialisation would increase women's capability to organise and control their lifestyles: they could build stronger personal identities and find their own ways of working (Davis, 2002). Removal of structural constraints, prompting people to engage actively with their roles, may pave the way for an agency-structure duality.

Long-term unemployment provides an example of functionings being blocked by a shortage of roles. In capitalist economies most people get their incomes from wages, so employment roles have a big impact on incomes and social participation. The longer a person stays unemployed, the greater the loss of skills and work experience, until at some stage the person may become labelled as unemployable. Chronically unemployed people form a low-status group who have few prospects of finding work, are often confined to slum or ghetto areas and may be marked out by their appearance, manners, religion and ethnic background. They offer a residual source of unskilled labour used only as a last resort; any work they obtain will be menial, low-paid and insecure. Policies to restore the capabilities of the unemployed would need to look beyond menial jobs to work that permits some degree of creativity and personal identity (Levine, 2004). Rewarding and well-paid work helps people expand their capabilities and gives them the opportunity to realise these capabilities as functionings.

Social relations block functionings when personal networks pursue the interests of members and debar non-members from economic or social activities. Bypassing institutional structures, these relations are not directly observable. People may seem well placed in other respects, with strong individual capacities and stable employment roles, but still be prevented from undertaking certain activities and occupying certain positions. An informal social barrier (a glass ceiling) may stop some individuals reaching the highest levels in an organisation - the difficulty lies not with official discrimination but with the individual's estrangement from the personal networks or clubs that make

recruitment decisions. Social disadvantages are confirmed and formalised as low employment status, which illustrates how institutions buttress existing social and personal hierarchies. Exclusion from personal networks elicits agency-structure dualism, in other words a separation and tension between the individual agent and personal social structures (figurations). The members of a personal network, by contrast, experience agency-structure duality in which personal social structures support individual agency.

Limited entitlements are another reason for functionings being blocked. Material poverty reduces people's entitlements, as does a lack of education and health care, and social deprivation cramps their cultural experience and discourages them from acquiring artistic or leisure interests. Entitlement failures are especially obvious in less developed countries: Sen's approach has most often been applied in a Third World context, starting with his entitlement theory of famines and proceeding to his later work on development as freedom (Sen, 1981, 1999). In developed countries a much larger share of the population has access to education, health care and material consumption, and entitlement failures are a less serious problem. Structural and social factors assume greater significance, although entitlements continue to influence well-being.

Given the numerous impediments to a person's capabilities and functionings, welfare policies should have a broad perspective and avoid concentrating on the individual level. Individual capacities to act, desirable in themselves, will not clear the path to all the activities a person would be capable of performing, and structural and social factors may intrude. In countries with chronic unemployment or structural problems, skills and abilities ('human capital', in neoclassical terminology) may remain idle or underused, as when qualified doctors, engineers and other professionals are unemployed or doing unskilled work. Skills are wasted without suitable employment roles, and little can be gained by accumulating skills while neglecting employment and other structural matters. Keynesian economists have long argued this, but neoclassical discourse sidesteps it by taking the economy to be self-regulating and tending to full employment. The capability approach, if it looks only at individual entitlements and capacities, comes uncomfortably near to the orthodox assumption that boosting skills and human capital will be enough to guarantee rising welfare.

Even if individual capacities abound, the social and cultural environment could curtail some people's functionings, damage their well-being, and generate deep inequalities.

Improved material circumstances will not necessarily raise social and cultural status and open up senior employment roles. Culture must ultimately be based on production, as materialist accounts of culture suggest, but this does not give causal priority to material conditions (Jackson, 1996). There is no immediate causal link between material entitlements and membership of prosperous, high-status social groups. The social capacity to act comes from a person's acceptance into the personal relationships surrounding their desired activities; such social and cultural changes occur slowly and may defy attempts to accelerate or manipulate them. Anti-discriminatory legislation cannot wipe out discriminatory thinking, but it sets new standards that may eventually be normalised. Policy can otherwise urge people to adopt open, inclusive attitudes in their personal relationships. Official attempts to ban discrimination and achieve horizontal equity would ideally be consistent with the drift of cultural change, serving to confirm and formalise it. Only when the new attitudes have become the cultural norm will social and structural incapacities begin to disappear.

## **CONCLUSION**

Sen's capability approach moves away from orthodox welfare economics towards a more concrete method founded on capabilities to function and do things within society. For Sen, it will never suffice to model welfare through individual utilities, and attention should turn to the activities undertaken in a given society. Capabilities, unlike utility, are culturally specific and attained in different ways in different times and places. Compared with orthodox arguments, Sen's framework is far more sensitive to social context.

One might therefore expect the capability approach to deal explicitly with culture and social structure, but this is not so; culture remains peripheral to the analysis, and social structure receives no formal mention. Capabilities are recognised as being culturally specific, yet the importance of culture in contributing to their attainment has hardly been discussed. The capability approach follows orthodoxy by defining its ends and means as properties of the individual: the ends are individual capabilities and the means are individual entitlements and endowments. At most this captures only certain facets of a person's ability to do things. Having omitted social structures, the capability approach



can say little about how agency and structure interact in determining capabilities. Sen travels some distance towards a social and cultural vision of welfare, but he never quite makes the final break with individualism.

Because these restrictions are external to capabilities, the capability approach can be augmented to take notice of culture and social structure. Discussion of capabilities would benefit from a layered or stratified method that openly depicts personal and impersonal social structures as well as individual agents, and asks how the various layers are related. Adding social structures broaches the possibility of structural influences on capabilities, represented by social and structural capacities to act, and shows how individual capacities may be cultivated within society. A stratified method would have several advantages: it would recognise the social nature of capabilities, guard against reductionism, pull the capability approach away from orthodox welfare economics, and provide an explicit treatment of the structural obstacles to capabilities.

Policywise, a stratified method implies that capabilities cannot be enhanced by improving material entitlements alone and that social issues need to be addressed. This is already appreciated in policies such as anti-discriminatory legislation, but it lies beyond the reach of orthodox economic theory and falls largely outside the capability approach in its current form. Thoroughgoing measures to promote capabilities for all members of society must tackle not only material welfare but the structural and cultural barriers to capabilities and functionings. In line with a layered theory of capabilities, policy too would have to be layered and many pronged; expanding capabilities would require higher and more evenly distributed material endowments, wider access to employment and other roles, and greater openness in personal networks. Such measures are far from straightforward, as cultural attitudes cannot be transformed overnight and large-scale social change will provoke stalwart opposition from privileged groups. A layered theory will not make policy reforms any easier, but it at least gives a clearer view of what determines capabilities and what must be done if we are serious about promoting them.

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